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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA
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11 PARTNERS FOR HEALTH AND HOME,)
12 L.P., ETC.,)

13 Plaintiff,)

14 vs.)

15 SEUNG WEE YANG, ETC., ET AL.,)

16 Defendants.)
17

CASE NO. CV 09-07849 RZ

UNDISPUTED FACTS AND
CONCLUSIONS OF LAW

18 **UNDISPUTED FACTS**

19 1. In the 1980's in New York, Domenico Santorelli, who is not a party to
20 these proceedings, began selling stainless steel cookware under the brand name Perma-
Life®.

21 2. In 1986, Ki Won ("Jean") Shim entered into a 50-50 business
22 partnership with Mr. Santorelli whereby they would jointly own and operate the Perma-
23 Life cookware business, including specifically the Perma-Life trademark.

24 3. In 2002, Ms. Shim purchased from Domenico Santorelli the rights to
25 the Perma-Life trademark and to U.S. Trademark Registration No. 2,029,777 ("the '777
26 Registration") for the goods of, *inter alia*, metal cookware, and the goodwill associated
27 with that mark.
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1 4. Since purchasing the rights to the Perma-Life trademark and associated
2 goodwill of the business from Mr. Santorelli, together Ms. Shim and Plaintiff Partners for
3 Health & Home, L.P. (“Partners”), of which Ms. Shim is the President, have continuously
4 sold stainless steel cookware under the Perma-Life trademark.

5 5. In 2008, Plaintiff’s prior trademark counsel, Paul Supnick, transferred
6 his files for Jean Shim, including the trademark files, to Plaintiff’s current counsel, Joel
7 Voelzke.

8 6. In reviewing those incoming files, Mr. Voelzke noticed that
9 Mr. Supnick had failed to renew the ‘777 registration and that the time period for filing a
10 late renewal had expired. Mr. Voelzke filed a new trademark application to re-register the
11 Perma-Life trademark.

12 7. The time period from the time that the PTO officially declared the ‘777
13 registration lapsed on June 6, 2008, until the day that attorney Voelzke filed the new
14 application on June 8, 2008, was one day.

15 8. The application filed by attorney Voelzke registered as Registration No.
16 3,564,113 (“the ‘113 Registration”) on January 20, 2009 for the mark Perma-Life.

17 9. The ‘113 Registration is a valid and subsisting federal trademark
18 registration for the mark Perma-Life.

19 10. The period during which there was no federal trademark registration for
20 Perma-Life owned in whole or in part by Plaintiff, its principal Jean Shim, or a predecessor
21 company in which Jean Shim was part owner, was less than 8 months (from June 6, 2008
22 until January 20, 2009).

23 11. In 2009, Ms. Shim assigned both of the registrations, including the
24 goodwill associated with the mark and the right to sue for past infringements, to Plaintiff
25 Partners for Health and Home, L.P. (“Partners”), of which she is the President.

26 12. At no time from 1986 until the present did Ms. Shim or her companies
27 ever stop selling Perma-Life cookware, whether through her partnership with Domenico
28 Santorelli, through her company Perma-Life Cookware, or through her company Partners.

1 13. Defendant S T P America, Inc. (“STP”) is 100% owned by Defendant
2 Seung Wee (“Edward”) Yang.

3 14. Defendant Seung Wee Yang made all of the managerial decisions for
4 STP.

5 15. Defendant Seung Wee Yang made all of STP’s marketing and
6 advertising decisions.

7 16. For several years, Defendant Yang imported “health mattresses” and
8 water purifiers from Korea.

9 17. From about October 2005 to about April 2007, Plaintiff purchased
10 mattresses and water purifiers from Mr. Yang, and used its distribution network to sell
11 those products to end customers in America.

12 18. In January 2008, Mr. Yang began selling stainless steel cookware; he
13 called his new cookware Pearl Life.

14 19. Defendants sold approximately \$400,000 worth of Pearl Life cookware.

15 20. Defendants’ purchase price for that cookware from the manufacturer
16 was approximately \$223,708.

17 21. Occasionally, Defendants advertised their cookware as being “PEARL-
18 LIFE” (with a hyphen).

19 22. A significant target market for both Plaintiff’s cookware and
20 Defendants’ cookware is the Korean American community in the Los Angeles area.

21 23. In their discovery answers, Defendants claimed to be unable to
22 remember any way in which they had ever used Plaintiff’s Perma-Life trademark within
23 their own advertising to sell their competing Pearl Life cookware.

24 24. In 2006, Mr. Yang registered the domain name www.permalife.co.kr.

25 25. Mr. Yang placed, or caused to be placed, the metatag “permalife” on
26 the website located at www.permalife.co.kr.

27 26. Mr. Yang placed the www.permalife.co.kr domain for sale by stating
28 on that website that the domain was “For Sale.”

1 27. On July 9, 2008, Mr. Yang registered a second Korean domain,
2 www.perma-life.co.kr.

3 28. Mr. Yang admitted in deposition that in early 2007 his relationship with
4 Ms. Shim fell apart; then more than a year later, he registered the domain www.perma-
5 life.co.kr and linked it to his www.pearllife.com website (framed that website) from which
6 he advertised his Pearl Life cookware; then later he put the www.perma-life.co.kr domain
7 up for sale, all without ever telling Ms. Shim that he had done those things.

8 29. Mr. Yang repeatedly denied in this litigation that Exhibit 4 to the
9 Complaint, which showed the domain www.perma-life.co.kr being used to promote
10 Mr. Yang's own Pearl Life cookware, was an accurate representation of what the website
11 at www.perma-life.co.kr looked like.

12 30. Mr. Yang admitted in deposition however, that Exhibit 3 to the
13 deposition (which is identical to Exhibit 4 to the Complaint) was an accurate representation
14 of what www.perma-life.co.kr looked like.

15 31. Mr. Yang admitted in deposition that he had caused the domain
16 www.perma-life.co.kr to be "linked" or "forwarded" to his "home page" at
17 www.pearllife.com.

18 32. Contrary to his deposition testimony, Mr. Yang did not actually stop
19 linking (framing) www.perma-life.co.kr to his own Pearl Life website until at least October
20 2009.

21 33. Mr. Yang repeatedly denied in this litigation that he had caused the
22 metatags "perma-life" and "perma life" to be placed on the website at www.perma-
23 life.co.kr.

24 34. That source code for the website www.perma-life.co.kr contained the
25 terms "perma life" and "permalife" as metatags.

26 35. Mr. Yang instructed his website designer, Steven Kim, to place "perma-
27 life" as a metatag on that website.
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1 36. Mr. Yang posted videos on the Internet promoting his Pearl Life
2 cookware to which he applied Plaintiff's Perma-Life trademark as visible tags (indexing
3 tags); he posted such videos on the video sharing sites YouTube (www.youtube.com), and
4 Tag Story (www.tagstory.com), and on his "blog" at Daum (www.daum.net).

5 37. Mr. Yang's intent in applying Plaintiff's Perma-Life trademark as
6 indexing tags for videos was to divert consumers who were looking for Plaintiff's Perma-
7 Life cookware on the Internet to his www.pearllife.com website from which he sold his
8 Pearl Life cookware.

9 38. In their Answers, Defendants denied having purchased "PERMA-LIFE"
10 as a search engine advertising keyword.

11 39. Mr. Yang, however, did in fact purchase from Google, Inc. the term
12 "permalife" as an Internet search engine advertising keyword.

13 40. In sum, Defendants used Plaintiff's Perma-Life trademark in the
14 following ways: (1) as a domain name through which they framed their www.pearllife.com
15 website at which they promoted their competing Pearl Life cookware; (2) as metatags on
16 their websites at which they promoted their Pearl Life cookware; (3) as Google Internet
17 search engine advertising keywords to direct consumers to their www.pearllife.com
18 website; and (4) as visible video tags which act as indexes on their videos which they
19 posted at various Internet video sharing websites including at least YouTube
20 (www.youtube.com) and Tag Story (www.tagstory.com), and at a "blog" site at Daum
21 (www.daum.net).

22 41. Defendants posted on their www.pearllife.com website a large
23 photograph of Defendant Yang shaking hands with the original founder of Perma-Life
24 cookware, Domenico Santorelli, and text below the photograph stating that Defendants
25 entered into an "agreement" with Mr. Santorelli, falsely implying a connection between
26 Defendants and Plaintiff's Perma-Life cookware.

27 42. Defendants never sold any Perma-Life cookware.
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1 inferences and construe the evidence in the light most favorable to the non-moving party.
2 *See id.* at 255. To defeat summary judgment, the evidence as properly construed must be
3 sufficient for a reasonable jury to find for the nonmoving party; a mere scintilla of evidence
4 will not suffice. *Id.* at 252.

5 5. An individual who personally directs a corporation in committing
6 trademark infringement, or who personally commits those acts, is personally liable for that
7 infringement. 15 U.S.C. §§ 1114 & 1127; *Mead Johnson & Co. v. Baby's Formula Serv.,*
8 *Inc.*, 402 F.2d 19, 23 (5th Cir. 1968); *Wilden Pump & Eng'r Co. v. Pressed & Welded*
9 *Prods. Co.*, 655 F.2d 984, 990 (9th Cir. 1981); *Chanel Inc. v. Italian Activewear of Florida*
10 *Inc.*, 931 F.2d 1472, 1477-78, 19 U.S.P.Q.2d 1068 (11th Cir. 1991).

11 6. This is particularly true when a single individual is the corporation's
12 sole shareholder, sole officer, and sole manager, and performs the infringing acts himself;
13 that person will be individually liable for the intellectual property infringements committed
14 by the corporation. *Playboy Enterprises Inc. v. Chen*, 45 U.S.P.Q.2d 1400, 1412 (C.D. Cal.
15 1997). Such personal liability does not depend on piercing the corporate veil. *Id.*

16 7. Defendant Yang as sole shareholder, sole officer, sole manager, the sole
17 individual responsible for advertising for Defendant S T P America, Inc., and the person
18 who personally committed the acts relevant to this action, is personally liable for all of
19 those acts.

20 8. Plaintiff's trademark was federally registered from September 2, 1997
21 to June 6, 2008 as U.S. Trademark Reg. No. 2,092,777, and was federally registered as
22 U.S. Trademark Reg. No. 3,564,113 from January 20, 2009 to the present.

23 9. At all relevant times, Plaintiff also had common law trademark rights
24 and rights under the Lanham Act § 43(a), through continuous use in commerce, of the
25 Perma-Life mark.

26 10. Under 15 U.S.C. § 1125(d)(1)(A), the Anti-Cybersquatting Consumer
27 Protection Act (ACPA), a person is civilly liable for cybersquatting (aka cybersquatting) to
28 a trademark owner if that person (i) "has a bad faith intent to profit from a mark . . . and

1 (ii) registers, traffics in, or uses a domain name that . . . in the case of a mark that is
2 distinctive at the time of registration of the domain name, is identical or confusingly similar
3 to that mark.” *Id.* The statute lists nine non-exclusive factors to be considered in deciding
4 whether the domain registrant acted in “bad faith.” Those factors are:

5
6 (I) the trademark or other intellectual property rights of the person,
7 if any, in the domain name;

8 (II) the extent to which the domain name consists of the legal name
9 of the person or a name that is otherwise commonly used to identify
10 that person;

11 (III) the person’s prior use, if any, of the domain name in connection
12 with the bona fide offering of any goods or services;

13 (IV) the person’s bona fide noncommercial or fair use of the mark in
14 a site accessible under the domain name;

15 (V) the person’s intent to divert consumers from the mark owner’s
16 online location to a site accessible under the domain name that could
17 harm the goodwill represented by the mark, either for commercial gain
18 or with the intent to tarnish or disparage the mark, by creating a
19 likelihood of confusion as to the source, sponsorship, affiliation, or
20 endorsement of the site;

21 (VI) the person’s offer to transfer, sell, or otherwise assign the
22 domain name to the mark owner or any third party for financial gain
23 without having used, or having an intent to use, the domain name in the
24 bona fide offering of any goods or services, or the person’s prior
25 conduct indicating a pattern of such conduct;

26 (VII) the person’s provision of material and misleading false contact
27 information when applying for the registration of the domain name, the
28

1 person's intentional failure to maintain accurate contact information,
2 or the person's prior conduct indicating a pattern of such conduct;
3 (VIII) the person's registration or acquisition of multiple domain
4 names which the person knows are identical or confusingly similar to
5 marks of others that are distinctive at the time of registration of such
6 domain names, or dilutive of famous marks of others that are famous
7 at the time of registration of such domain names, without regard to the
8 goods or services of the parties; and
9 (IX) the extent to which the mark incorporated in the person's domain
10 name registration is or is not distinctive and famous within the meaning
11 of subsection (c).

12
13 15 U.S.C. § 1125(d)(1)(B).

14 11. It does not matter whether a trademark is a "dot com" or has a "dot
15 country code" at the end, in a case such as this in which the defendant resides in the United
16 States, the trademark owner resides in the United States, and the domain is accessed by
17 United States customers. See *Playboy Enterprises, Inc. v. Chuckleberry Pub., Inc.*, 939
18 F. Supp. 1032 (S.D.N.Y. 1996) (holding defendants in contempt of court for registering
19 and operating Italian domain www.playmen.it accessible by U.S. customers in violation
20 of ACPA, where defendants had previously been adjudged to be infringers of the
21 PLAYMEN trademark and had been ordered to cease infringing that mark).

22 12. Plaintiff is entitled to summary adjudication of cyberpiracy against
23 Defendants with respect to Defendants' registration and attempts to sell the domain
24 www.permalife.co.kr.

25 13. Plaintiff is entitled to summary adjudication of cyberpiracy against
26 Defendants with respect to Defendants' registration and use of the domain www.perma-
27 life.co.kr to promote and sell Defendants' Pearl Life cookware.
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1 14. It is an infringement of a trademark to use in commerce any sufficiently
2 similar word or device such that consumers are likely to be deceived regarding the source,
3 affiliation, or sponsorship of the goods being offered for sale. See 15 U.S.C. § 1114(1)
4 (infringement of a registered trademark) and 15 U.S.C. § 1125(a) (Lanham Act § 43(a),
5 false designation and false descriptions, regardless of whether a registered mark is
6 involved).

7 15. The core element of trademark infringement is whether customers are
8 likely to be confused about the course or sponsorship of the products.

9 16. An eight-factor test – the so-called Sleekcraft factors (*AMF v. Sleekcraft*
10 *Boats*, 599 F.2d 341, 348 (9th Cir. 1979)) – guides the assessment of whether a likelihood
11 of confusion exists. The Sleekcraft factors are:

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- 13 (1) the strength of the mark;
- 14 (2) proximity or relatedness of the goods;
- 15 (3) the similarity of the marks;
- 16 (4) evidence of actual confusion;
- 17 (5) the marketing channels used;
- 18 (6) the degree of care customers are likely to exercise in
19 purchasing the goods;
- 20 (7) the defendant's intent in selecting the mark; and
- 21 (8) the likelihood of expansion into other markets.
- 22

23 17. The test is a fluid one and the plaintiff need not satisfy every factor,
24 provided that strong showings are made with respect to some of them. *Perfumebay.com*
25 *Inc. v. eBay Inc.*, 506 F.3d 1165, 1173, 84 U.S. P.Q.2d 1865, 1871 (9th Cir. 2007) (citing
26 *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341 (9th Cir. 1979)) (citations and internal
27 quotations omitted).
28

1 18. In the Internet context, the three most important Sleekcraft factors in
2 evaluating a likelihood of confusion are:

- 3
- 4 (1) the similarity of the marks,
- 5 (2) the relatedness of the goods and services, and
- 6 (3) the parties' simultaneous use of the Web as a marketing
7 channel.
- 8

9 *Perfumebay.com*, 506 F.3d at 1173.

10 19. When these factors suggest that confusion is likely, the other factors
11 must weigh strongly against a likelihood of confusion to avoid the finding of infringement.
12 On the other hand, if these three factors do not clearly indicate a likelihood of consumer
13 confusion, then a district court can conclude the infringement analysis only by balancing
14 all the Sleekcraft factors within the unique context of each case. *Perfumebay.com*, 506
15 F.3d at 1173-74 (citations and internal quotations omitted).

16 20. “[A]n intent to confuse customers is not required for a finding of
17 trademark infringement.” *Brookfield Communications Inc. v. West Coast Entertainment*
18 *Corp.*, 174 F.3d 1036, 1059, 50 U.S.P.Q.2d 1545 (9th Cir. 1999). However, “[w]hen an
19 alleged infringer knowingly adopts a mark similar to another’s, courts will presume an
20 intent to deceive the public.” *Official Airline Guides, Inc. v. Goss*, 6 F.3d 1385, 1394 (9th
21 Cir. 1993).

22 21. “[O]ne who intends to confuse is more likely to succeed in doing so.”
23 *Cable News Network LP, LLLP v. CNNews.com*, 177 F. Supp. 2d 506, 520 (E.D. Va. 2001).

24 22. “[E]vidence that the use of the two marks has already led to confusion
25 is persuasive proof that future confusion is likely.” *GoTo.com, Inc. v. Walt Disney Co.*,
26 202 F.3d 1199, 1208 (9th Cir. 2000) (quoting *Sleekcraft, supra*).

27

28

1 23. The person using another's trademark in commerce bears the burden
2 of demonstrating that the use of the trademark is authorized by law, *i.e.*, is a fair use. *See*
3 15 U.S.C. § 1115(b).

4 24. As a general rule, using another party's trademark on an Internet
5 website without authorization, and without legal justification, constitutes trademark
6 infringement *per se*. *See, e.g., Australian Gold, Inc. v. Hatfield*, 436 F.3d 1228, 1238, 77
7 U.S.P.Q.2d 1968, 1972 (10th Cir. 2006).

8 25. "Initial interest confusion" occurs when a user is initially attracted to
9 a defendant's website or products based on an initial impression that the defendant sells the
10 trademarked product, even if that user eventually realizes before purchasing that the
11 products being offered are not the trademarked goods. Using another's trademark or a
12 similar trademark in a way that causes initial interest confusion is one type of trademark
13 infringement, and is actionable. *Australian Gold, supra*, 436 F.2d at 1238-39, 1240.

14 26. Using a competitor's trademark as an Internet search engine advertising
15 keyword constitutes trademark infringement, absent particular circumstances that would
16 negate any likelihood of confusion. *Id.*; *Storus Corp. v. Aroa Mktg. Inc.*, 87 U.S.P.Q.2d
17 1032 (N.D. Cal. 2008).

18 27. Using another party's trademark as website metatags without legal
19 justification constitutes willful trademark infringement, and renders evidence of actual
20 confusion unnecessary. *Brookfield Communications, Inc. v. West Coast Entertainment*
21 *Corp.*, 174 F.3d 1036, 1064, 50 U.S.P.Q.2d 1545, 1565-66 (9th Cir. 1999); *Horphag*
22 *Research Ltd. v. Pellegrini*, 337 F.3d 1036, 67 U.S.P.Q.2d 1532 (9th Cir. 2003); *Venture*
23 *Tape Corp. v. McGills Glass Warehouse*, 540 F.3d 56, 88 U.S.P.Q.2d 1051 (1st Cir. 2008).

24 28. Copying another party's trademark exactly within a domain name
25 "creates a presumption of likelihood of confusion among Internet users as a matter of law."
26 *PETA v. Doughney*, 113 F. Supp. 2d 915, 919-20 (E.D. Va. 2000) (citing *N.Y. State Society*
27 *of Certified Public Accountants v. Eric Louis Assoc., Inc.*, 79 F. Supp. 2d 331, 340
28 (S.D.N.Y. 1999)), *aff'd*, 263 F.3d 359 (4th Cir. 2001). Under such circumstances, the court

1 can grant summary judgment of trademark infringement. *Id.*; see also *Brookfield*
2 *Communications, supra*, 174 F.3d at 1057.

3 29. Because bad faith intent to profit from another's trademark is a
4 necessary element of a claim for cyberspiracy under the ACPA, using a domain that
5 incorporates another's trademark in a way that is also likely to create consumer confusion
6 also constitutes willful trademark infringement.

7 30. Defendants have infringed Plaintiff's Perma-Life trademark by each of
8 the following acts, taken either individually or as a whole:

9
10 a. Registering the domain www.perma-life.co.kr and using
11 it to promote their competing Pearl Life cookware;

12 b. Applying the metatags "perma life" and "permalife" to the
13 website at www.perma-life.co.kr through which they sold their
14 competing Pearl Life cookware;

15 c. Applying the term "permalife" as visible video tags
16 (indexes) on videos promoting Pearl Life cookware which they posted
17 on the Internet at video sharing websites YouTube (www.youtube.com)
18 and Tag Story (www.tagstory.com), and on the "blog" site Daum
19 (www.daum.net).

20 d. Purchasing the term "permalife" as an Internet search
21 engine advertising keyword to direct Internet users to their website at
22 www.pearllife.com at which they advertised their Pearl Life cookware.

23
24 31. Failure to seek a legal opinion of counsel as to infringement, especially
25 after receiving a cease-and-desist letter, is probative evidence of an infringer's willfulness.
26 *Pfizer Inc. v. Sachs*, 652 F. Supp. 2d 512, 523, 92 U.S.P.Q.2d 1835 (S.D.N.Y. 2009).

1 32. The marks “Pearl Life” and “PEARL-LIFE,” when applied to the goods
2 of stainless steel cookware, are confusingly similar to PERMA-LIFE for stainless steel
3 cookware.

4 33. Where trademark infringement is found, it follows that the defendant
5 is also liable for violating § 43(a) of the Lanham Act. *Conversive Inc. v. Conversagent*
6 *Inc.*, 433 F. Supp. 2d 1079, 1093, 79 U.S.P.Q.2d 1284, 1293-94 (C.D. Cal. 2006); *Glow*
7 *Indus., Inc. v. Lopez*, 252 F. Supp. 2d 962, 975 n.90 (C.D. Cal. 2002) (“The standard for
8 Lanham Act unfair competition is the same as that for Lanham Act trademark
9 infringement.”); *Brookfield Communications, supra*, 174 F.3d at 1045 (both trademark
10 infringement and unfair competition under the Lanham Act require establishing that the
11 defendant is using a mark confusingly similar to a valid, protectable trademark of the
12 plaintiff).

13 34. Defendants are liable for violating the Lanham Act § 43(a), for the same
14 reasons as they are liable for trademark infringement.

15 35. Defendants are liable for violating the Lanham Act § 43(a) for the
16 additional reasons that they:

17
18 (a) falsely told consumers that PEARL LIFE cookware is the
19 same cookware as PERMA-LIFE cookware;

20 (b) falsely told consumers that their company is the same
21 company as Plaintiff.
22

23 36. Trademark infringement under 15 U.S.C. § 1114(1) also constitutes
24 trademark counterfeiting when the infringer uses a “counterfeit mark,” which is defined as
25 “a counterfeit of a mark that is registered on the principal register of the United States
26 Patent and Trademark Office for such goods or services sold, offered for sale, or distributed
27 and that is in use” 15 U.S.C. § 1116(d)(1)(B)(i).
28

37. Defendants' use of Plaintiff's trademark in the various ways listed above constitutes trademark counterfeiting. *See Aztar Corp. v. MGM Casino*, 59 U.S.P.Q.2d 1460, 1463 (E.D. Va. 2001) (finding defendants liable for both cyberpiracy and trademark counterfeiting, where defendant registered a domain name that incorporated plaintiff's trademark exactly, and used that trademark in visible text on the website as the name of that website).

DATED: October 28, 2011


RALPH ZAREFSKY
UNITED STATES MAGISTRATE JUDGE